



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing and Adopt Resolution Adjusting Wastewater Rates  
**MEETING DATE:** July 15, 2009  
**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Conduct a public hearing and adopt resolution adjusting wastewater rates.

**BACKGROUND INFORMATION:** The Wastewater enterprise fund is operating at a deficit. The existing rate structure no longer covers the cost of operating the utility and servicing the debt incurred to expand and upgrade the White Slough Water Pollution Control Facility (WSWPCF).

Therefore, it is recommended that wastewater rates be increased to provide a positive cash balance, that revenue earmarks be eliminated to make revenue correspond with need, and that the Engineering News Record (ENR) Index replace the Consumer Price Index (CPI) when determining annual cost adjustments. Otherwise, all sub-funds within the enterprise will be exhausted by mid-2011.

Increased regulations and stricter enforcement have required that the City invest \$60 million in improvements to the White Slough Pollution Control Facility. The annual debt service for these plant improvements amount to \$4.1 million a year. In addition to plant improvements, regulations have increased annual operational costs. These factors have produced the following results that have lead to a deficit.

- 1) Annual operating costs have increased faster than the indexed rate of inflation.
- 2) The revenue needed to pay for the principle and interest of Wastewater Improvement bonds is not available. Those bonds were used to expand/upgrade the WSWPCF and to cover a \$7.5 million emergency repair of the wastewater transmission main in 2008.
- 3) Annual revenue has been overestimated by approximately \$1.5 million since 2004.
- 4) One of the accounts from which debt service is paid was not backfilled with any revenue from 1991 to 2004. It needs to be replenished.

To reverse the ongoing operational deficit, the following course of action is proposed:

- 1) Adjust base rates pursuant to the following schedule: 25-percent increase effective July 16, 2009 for FY 2009/10; 20-percent increase for FY 2010/11; 10-percent increase for FY 2011/12; and 5-percent increase for FY 2012/13.
- 2) Adjust rates for inflation using the ENR Index instead of the CPI beginning in FY 2013/14.
- 3) Budget and execute a \$2 million infrastructure project biannually but eliminate the infrastructure line item on utility bills.
- 4) Annually update the utility financial model to confirm the need and amount of future rate adjustments.

The proposed rates are listed in Exhibit A, and the adjusted rates apply to both residential and non-residential customers.

In addition, it is proposed that the City Council at the public hearing:

- 1) Backfill the \$3,955,688 in the Wastewater Capital Reserve Fund to account for the 13 years that expenditures were made without being restored with revenue from any source.

APPROVED: \_\_\_\_\_

Blair King, City Manager

- 2) Acknowledge the future plant operations plan requires several new positions to deal with the increasingly complex nature of operating a modern, 8.5-million-gallon-per-day treatment plant. These may include a Compliance Engineer, Plant Equipment Mechanic, Environmental Compliance Inspector, and additional Plant Operators for the City to comply with the requirements of its State-issued discharge permit. Changes to the staffing at WSWPCF will be brought before the Council for action at a future meeting.

This is not a recommendation the Public Works Department takes lightly. Therefore, the department held an outreach campaign to help residents understand the regulatory environment and other issues that result in the recommendation for a rate increase. Not only was additional information placed on the City's website, the Public Works Department held a public workshop on June 16 so the community had the opportunity to discuss this issue one-on-one with staff. Seven guests from the community attended the workshop.

Lodi's wastewater system consists of 186.5 miles of wastewater mains, seven pump stations and the White Slough Water Pollution Control Facility. Many wastewater plants constructed in the 1960s and 1970s, such as the White Slough facility, were built with federal funds through programs designed to reduce water pollution. The State Legislature in 2000 forced the State Water Board to pass regulations to prevent the discharge of pollutants into ground and surface water, but unlike previous decades, federal funding has not been forthcoming to accomplish this goal.

Meanwhile, Lodi has faced increasingly strict standards in the past decade. Now, not only is wastewater clarified (primary treatment) and aerated and further clarified (secondary treatment), it is filtered and disinfected using ultraviolet light (tertiary treatment). In January 2005, Lodi's plant became the first city in San Joaquin County to reach tertiary stage treatment. The City's most recent discharge permit, issued in 2007, imposed stricter requirements on the plant. Even then, that has not stopped a local environmental group from trying to force the State to require Lodi to make even more costly upgrades.

Proposition 218 requires that the City provide a notice of the proposed rate schedule to all wastewater utility customers and property owners 45 days prior to the public hearing. This was accomplished on May 30, 2009, in addition to a notice of public hearing which was published in the Lodi News Sentinel on May 16 and June 20 (certification of these notices is attached to the staff report). In order for the increases to "not take effect" a majority of the property owners/utility customers are required to file opposition to the increase. Property owners/utility customers may file a written and signed protest against the proposed increases with the City Clerk at or before the close of the public hearing. At the public hearing, Council shall hear all protest. The City Clerk shall tabulate the protest and will certify the results to Council following the close of the public hearing. At this time, 123 valid protests have been received. Approximately 35,000 notices were sent to property owners/utility customers within the City.

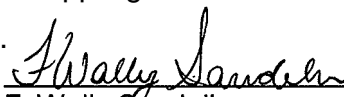
The need to raise wastewater rates is not unique to Lodi. Neither are the proposed rates. Some cities charge less, others more. Staff will provide additional information to the public at the public hearing.

**FISCAL IMPACT:**

Increased revenues to the wastewater utility which is required to keep up with cost of service increases and mandated costs. Without a rate increase, the General Fund will be required to support the Wastewater fund in order to avoid crippling financial fines and penalties.

**FUNDING AVAILABLE:**

Not applicable.

  
F. Wally Sandelin  
Public Works Director

FWS/pmf

Attachments

cc: Steve Mann, Information Services Manager  
Charlie Swimley, Water Services Manager

**City of Lodi Wastewater Utility**  
Proposed Wastewater Rates

**Exhibit A**

	Current Rates			Rates Effective 07/16/2009	Rates Effective 07/16/2010	Rates Effective 07/16/2011	Rates Effective 07/16/2012
	Base	Infr.	Monthly Total	Monthly Total	Monthly Total	Monthly Total	Monthly Total
Residential							
1 BR	\$11.84	\$4.81	\$16.65	\$20.81	\$24.97	\$27.47	\$28.84
2 BR	15.78	6.41	22.19	27.74	33.29	36.62	38.45
3 BR	19.73	8.01	27.74	34.68	41.61	45.78	48.06
4 BR	23.67	9.62	33.29	41.61	49.94	54.93	57.68
5 BR	27.62	11.22	38.84	48.55	58.26	64.09	67.29
6 BR	31.56	12.82	44.38	55.48	66.58	73.24	76.90
7 BR	35.51	14.42	49.93	62.42	74.90	82.40	86.51

Moderate Strength (annual per SSU)	\$266.28	\$332.88	399.48	439.44	461.40
High Strength User:					
Flow (per MG, annual basis)	2,247.10	2,808.88	3,370.66	3,707.73	3,893.12
BOD (per 1,000 lbs., annual basis)	370.83	463.54	556.25	611.88	642.47
SS (per 1,000 lb., annual basis)	231.86	289.83	347.80	382.58	401.71
Grease Inceptor & Septic Holding Tank Waste within City Limits (per 1,000 gal.)	196.35	245.44	294.53	323.98	340.18
Septic (only) Holding Tank Waste Outside City limits (per 1,000 gal.)	416.82	521.03	625.24	687.76	722.15
Disposal to Storm Drain System (per MG)	206.24	257.80	309.36	340.30	357.32
Disposal to Industrial System:		n/a rates adjusted	n/a rates adjusted	n/a rates adjusted	n/a rates adjusted
Flow (per MG, annual basis)	2,218.78	annually per	annually per	annually per	annually per
BOD (per 1,000 lbs., annual basis)	20.34	LMC § 13.12.210	LMC § 13.12.210	LMC § 13.12.210	LMC § 13.12.210
Winery Waste (per 1,000 gal.)	198.82	248.53	298.24	328.06	344.46

RESOLUTION NO. 2009-100

A RESOLUTION OF THE LODI CITY COUNCIL ADJUSTING  
WASTEWATER DISPOSAL SERVICE RATES

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WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides wastewater disposal service to its citizens;
2. The City charges customers of this utility a charge to fund the on-going operation and maintenance of the wastewater disposal service;
3. The City Public Works Director and staff have prepared a plan outlining the cost of operating the wastewater disposal service;
4. The Wastewater Enterprise Fund is operating at a deficit and the existing rate structure no longer covers the cost of operating the utility;
5. The City Public Works Director has recommended increases to the current wastewater disposal rates;
6. The City Public Works Director also recommends that the revenue earmarks be eliminated to make revenue correspond with need and that the Engineering News Record (ENR) Index replace the Consumer Price Index (CPI) when determining annual cost adjustments;
7. The Council directed that notice of a hearing thereon be given to the property owners and wastewater disposal utility customers in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
8. Pursuant to California Constitution, Article XIII C and Government Code 53755, such notice has been mailed to those property owners and account holders, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
9. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code Section 54354.5;
10. Such notice has been published once each week for two weeks, in accordance with Government Code Section 54354.5, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk;
11. On July 15, 2009, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed increased rates;
12. Written protests against the proposed increased rates were not presented by a majority of the property owners and wastewater disposal utility customers; and

13. The proposed wastewater disposal service rates are not discriminatory or excessive, are sufficient under Government Code Section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the enterprise, comply with the provisions of Title 5, Division 2, Chapter 6 of the Government Code, and are in compliance with all other applicable law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Sections 13.08.010, 13.12.240, and 13.16.110 of the Lodi Municipal Code, the increased wastewater disposal service rates as attached hereto as Exhibit A are hereby approved.

Section 3. Subsequent Adjustments. As provided by Government Code Section 53756, the rates shown in Exhibit A may be adjusted annually for a period of five years by resolution beginning July of 2010 through July of 2015, with Council approval following a public hearing, in an amount not to exceed the percentage change in the ENR Twenty Cities Annual Average Index or other index as approved by the City Council by resolution. The adjustment shall not be made if it causes rates to exceed the cost of service and Notice of the Adjustment shall be mailed to each account not less than 30 days before the effective date of the adjustment.

Section 4. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: July 15, 2009

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I hereby certify that Resolution No. 2009-100 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 15, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Johnson, Katzakian, and Mayor Hansen

NOES: COUNCIL MEMBERS – Hitchcock and Mounce

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk

	Current Rates			Rates Effective 07/16/2009	Rates Effective 07/16/2010	Rates Effective 07/16/2011	Rates Effective 07/16/2012
	Base	Infr.	Monthly Total	Monthly Total	Monthly Total	Monthly Total	Monthly Total
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Winery Waste (per 1,000 gal.)	198.82			248.53	298.24	328.06	344.46

**CITY CLERK'S CERTIFICATE  
RE: WRITTEN PROTESTS**

**PROPOSED WASTEWATER RATE INCREASE**


I, RANDI JOHL, City Clerk of the City of Lodi hereby certify that City Clerk staff have personally received and assembled all written protests returned by mail or delivered in person.

At the conclusion of the public hearing on July 15, 2009, I tabulated the written protests and certify the result of that tabulation to be as follows:

<b>TOTAL NUMBER OF PROPERTIES:</b>	<b>34,565</b>
on which the rates are imposed as shown on the last equalized assessment roll of San Joaquin County and City utility billing records pursuant to Proposition 218 requirements	

<b>TOTAL NUMBER OF WRITTEN PROTESTS RECEIVED:</b>	<b>254</b>
to the proposed increase to monthly wastewater rates	

I make this certification on July 16, 2009

A handwritten signature in black ink, appearing to read 'Randi Johl', is written over a horizontal line.

**RANDI JOHL  
CITY CLERK**

The City of Lodi  
**Public Works  
Water Services**



**Public Hearing  
Wastewater Rate Adjustments**

July 15, 2009





# Background

- \$60 million in improvements completed to comply with the 2000 Discharge Permit requirements
- Upgrade costs for plant were not incorporated into past rates
- \$5.8 million one-time money from San Joaquin County used to delay rate increases
- \$13 million diverted from Infrastructure Replacement
- Wastewater Enterprise should be a stand alone utility supported by rates not taxes

# Background



- Annual operating costs exceed revenues by \$1.5 million/year
- Annual debt service for the plant improvements amounts to \$4.1 million/year
- Regulatory environment continually adds new regulations & stricter enforcement
- Delta discharges are highly scrutinized
- No other next best available option

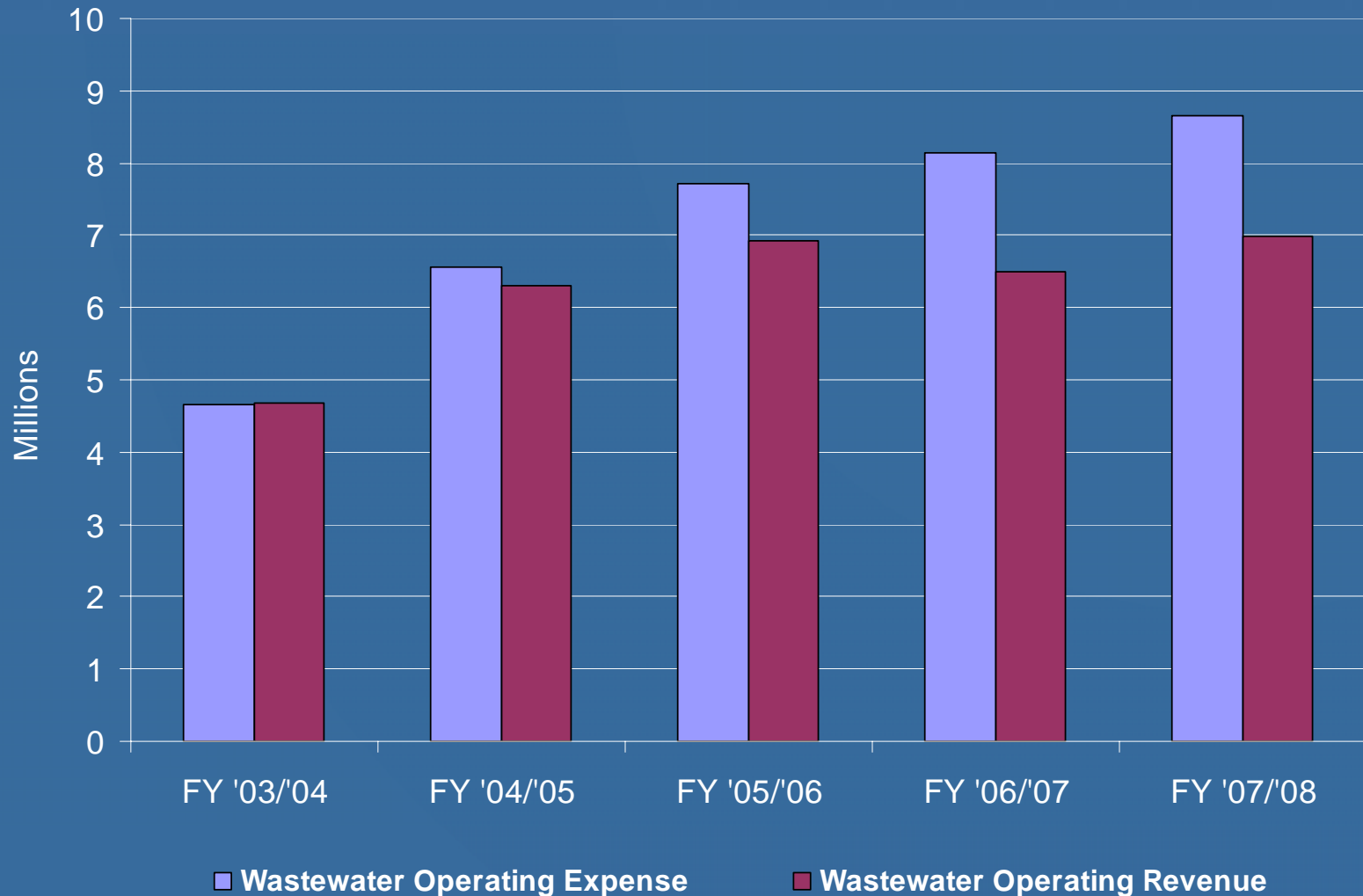


# Actions Since April 15

- Issued Public Notification Pursuant to Proposition 218 on May 30
- Conducted Public Workshop on June 16
- Open House at White Slough on July 11



# Operating Costs Increasing Faster than Indexing Factors





# Regulatory Environment

- Tertiary Treatment Required
- Groundwater Protection
- Surface Water Quality Protection
- Salinity
- Odor and Nuisance Control
- Third Party Litigation



# Rate Adjustments

25% FY 08/09

20% FY 09/10

10% FY 10/11

5% FY 11/12

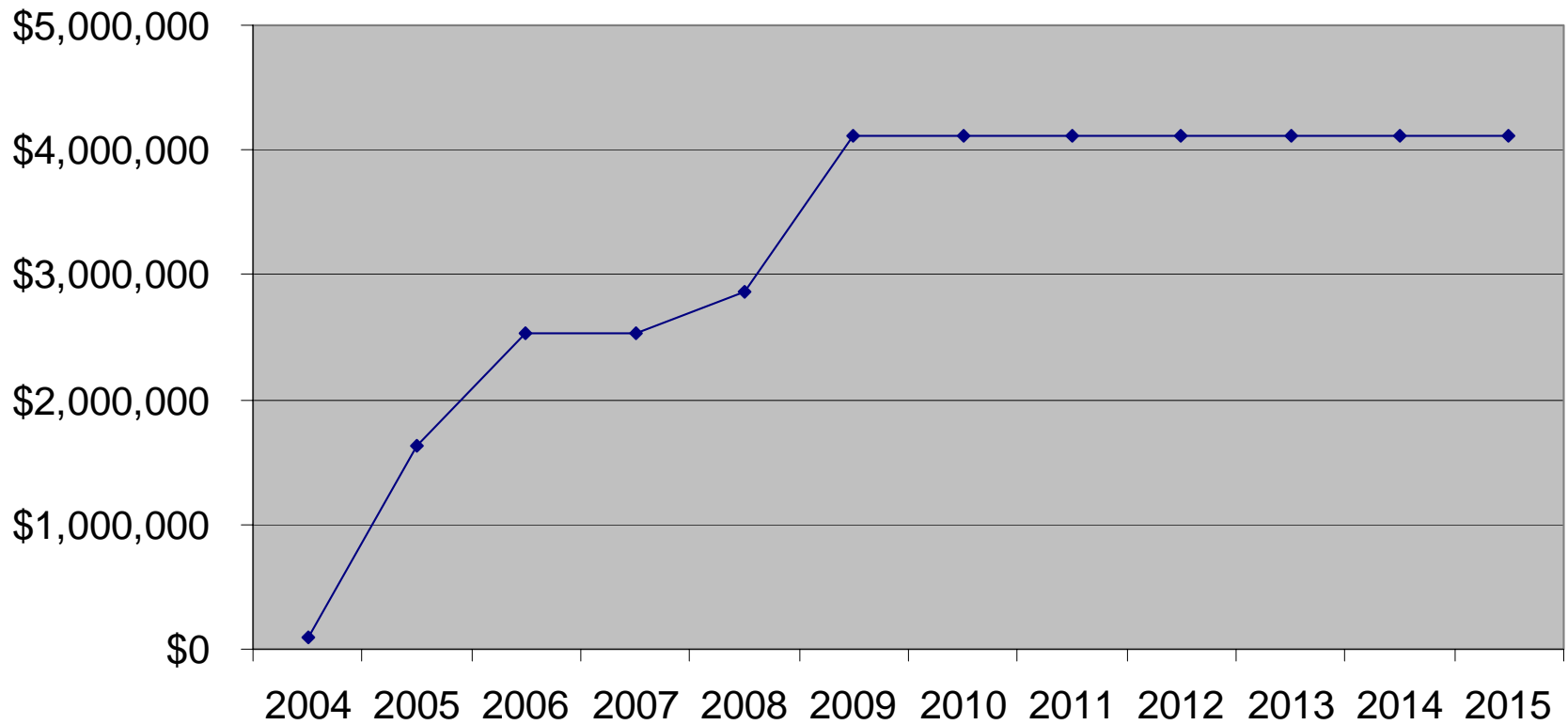
0% FY 12/13

Adjustments inclusive of 21% for inflation over 5 years



# Increasing Debt Service

**2003, 2004, 2007 COP Debt Service**





# Monthly Rate Effective July 16

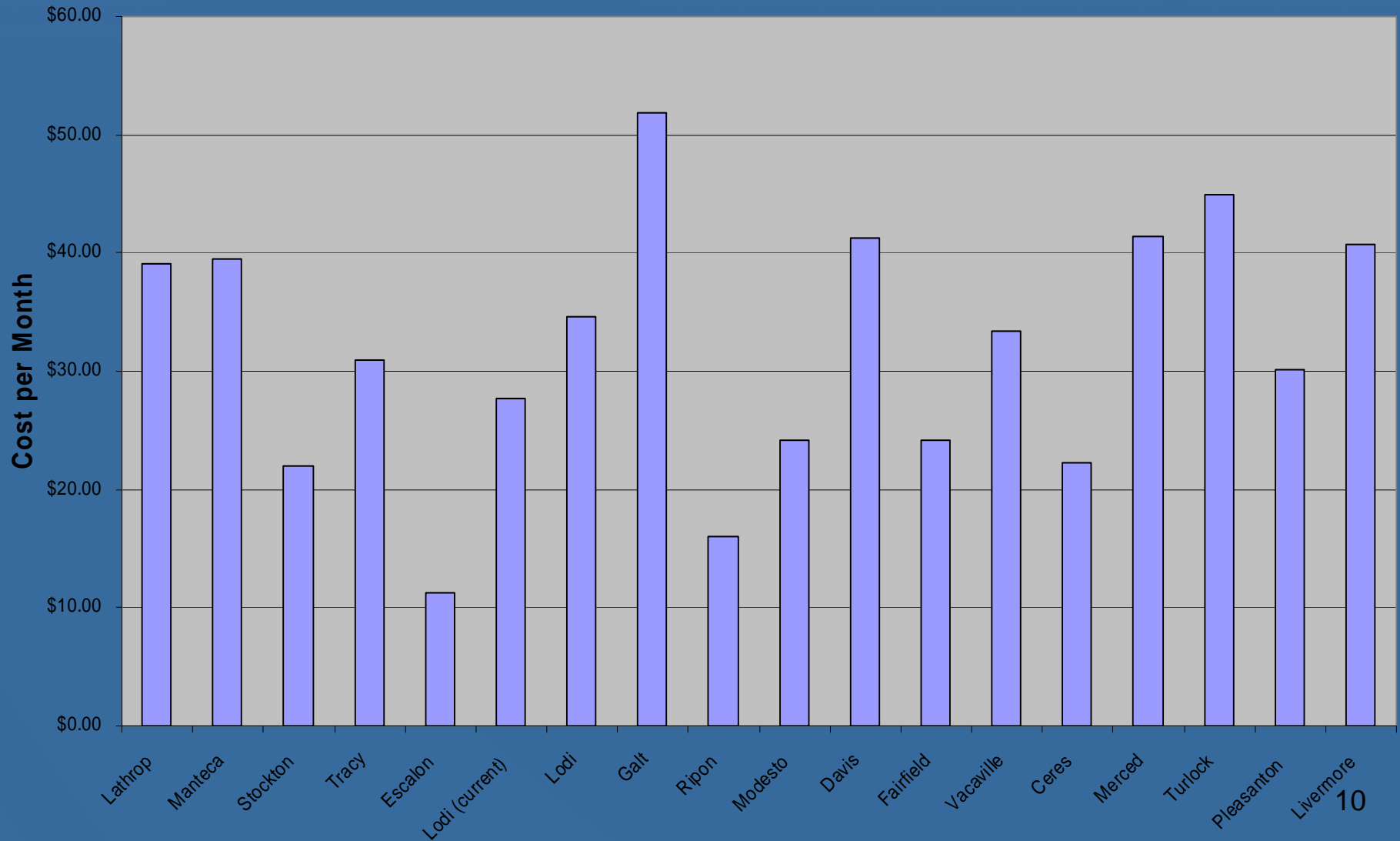
## 3 Bedroom Home

	Current	2009	2010	2011	2012
Base	\$19.73	\$34.68	\$41.61	\$45.77	\$48.06
Infrastruct. Replace.	\$8.01	n/a	n/a	n/a	n/a
Total	\$27.74	\$34.68	\$41.61	\$45.77	\$48.06
Increase		\$6.94	\$6.94	\$4.16	\$2.29
Percent		25%	20%	10%	5%





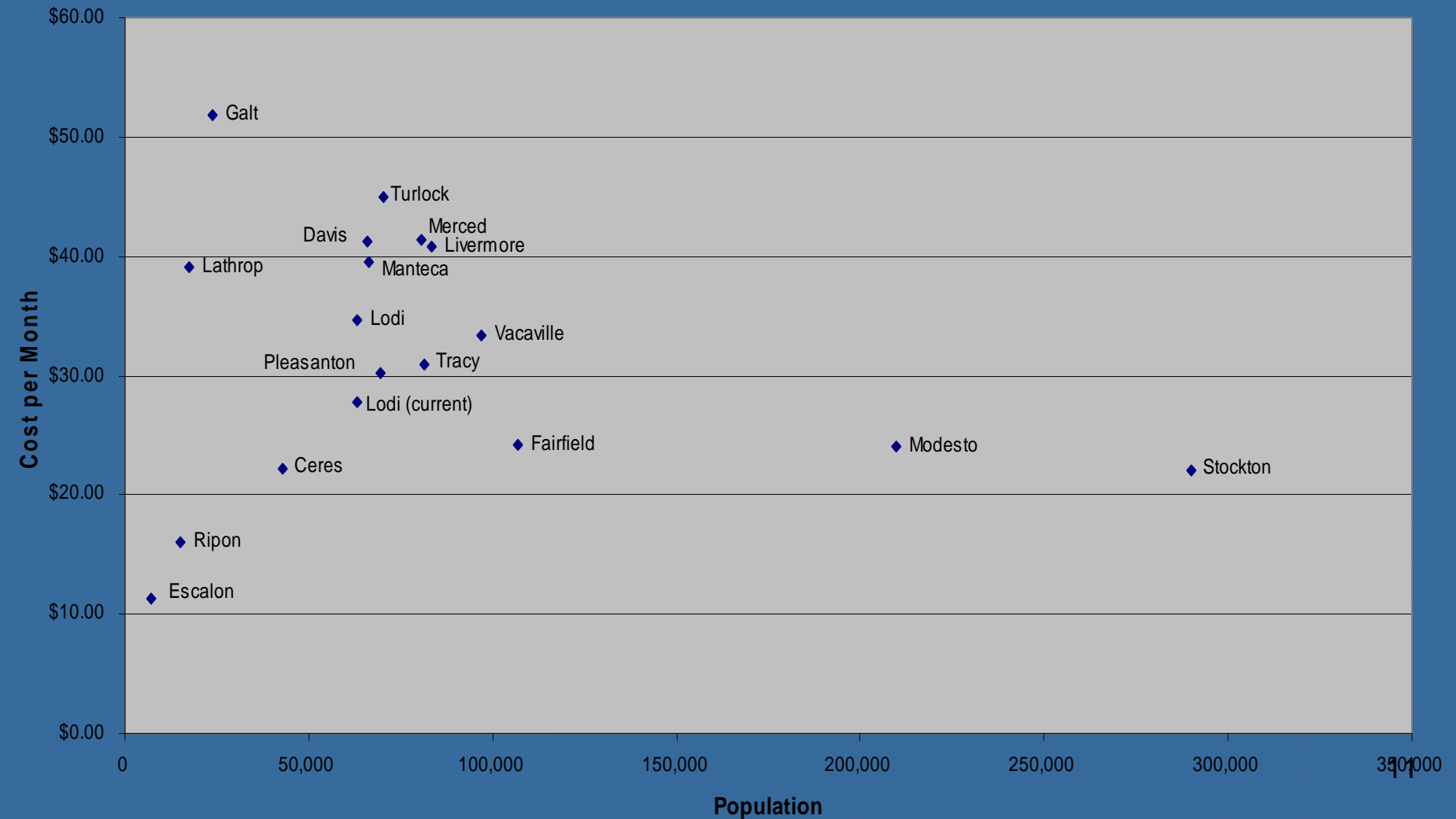
# Rate Comparisons





# Rate Comparisons

## Single Family





Questions?

## **CERTIFICATE OF MAILING**

### **NOTICE OF PROPOSED SEWER RATE INCREASE**

I, Pamela Farris, Administrative Secretary of the Public Works Department of the City of Lodi, under penalty of perjury, certify as follows:

That for and on behalf of the City Clerk of the City of Lodi, and on May 28, 2009, I caused to be mailed a Notice of Proposed Sewer Rate *Increase* to all sewer service customers of the City of Lodi and all persons owning real property on which these rates and charges are imposed and as are shown on the last equalized assessment roll of San Joaquin County (mailing list on file in the office of the Public Works Department), a copy of which Notice is hereto attached and marked "Exhibit A .

Executed on June 2, 2009.

  
PAMELA FARRIS



**RECEIVED**

JUN 02 2009



**CITY OF LODI**  
PUBLIC WORKS DEPARTMENT

June 1, 2009

**CERTIFICATE OF MAILING**

I, Daniel A. Williams, of Pre-Sort Center of Stockton, Inc., hereby declare that on the following date(s), we processed and mailed for the CITY OF LODI the following:

Date: May 28, 2009

Item Description: Proposed Rate Increase - 218 Notices (Dept. of Public Works)

Number of Pieces: 37,439

*Daniel A. Williams 6/1/09*

Daniel A. Williams  
General Manager  
Pre-Sort Center

JUN 02 2009

Final

Postage Summary

**CITY OF LODI**  
PUBLIC WORKS DEPARTMENT

<b>Permit Holder:</b>	PRESORT CENTER 3806 CORONADO AVE # A STOCKTON, CA 95204-2314 Contact ANGELA (209) 941 - 2467 customer@pre-sort.com	<b>Mailing Agent:</b>	PRESORT CENTER 3806 CORONADO AVE # A STOCKTON, CA 95204-2314 Telephone: (209) 941-2467	<b>Om. For Mailing Is Prepared:</b>	CITY OF LODI 125 S HUTCHINS ST LODI, CA 95240-3470 Telephone: (209)
<b>Permit Holder's Permit:</b>	Permit Imprint 269	<b>Mailing Agent's Permit:</b>	Permit Imprint 269	<b>Processing Category:</b>	Letters
<b>Post Office Of Mailing:</b>	STOCKTON CA 95213	<b>Mailing Date:</b>	05/28/2009	<b>Weight of Single Piece:</b>	0.0156 lbs.
<b>Total Pieces:</b>	37,439 pcs.	<b>Total Weight:</b>	584.0484 lbs.	<b>Total Postage:</b>	\$ 5,763.77
<b>No of Containers:</b>	1' MM 37 Trays:	2' MM 74 Trays:	2' EMM Trays:	Flat Trays:	Sacks: Pallets: Other:
<b>Customer Reference ID:</b>	19389				
<b>Caps Transaction Number:</b>	2009052819035800M1				
<b>Comments:</b>					

## Part A : Automation Letters

Line Number	Entry Dismunt	Title	Description	Price	Quantity	Postage
A2	None	3-Digit	Letters 3.3 oz (0.2063 lbs) or less	0.251	699 pcs.	\$ 175.4490
A3	None	PADC	Letters 3.3 oz (0.2063 lbs) or less	0.253	581 pcs.	\$ 146.9930
A4	None	M i AADC	Letters 3.3 oz (0.2063 lbs) or less	0.270	885 pcs.	\$ 238.9500
A9	DSCF	5-Digit	Letters 3.3 oz (0.2063 lbs) or less	0.190	2169 pcs.	\$ 412.1100
A10	DSCF	3-Digit	Letters 3.3 oz (0.2063 lbs) or less	0.208	619 pcs.	\$ 728.7520
<b>Part A Postage:</b>						\$ 1,102.2540

## Part D : Nonautomation Letters

Line Number	Entry Discount	Title	Description	Price	Quantity	Postage
D2	None	Mixed AADC	Machinable Letters 3.3 oz (0.2063 lbs) or less	0.273	32 pcs.	\$ 8.7360
D5	DSCF	PADC	Machinable Letters 3.3 oz (0.2063 lbs) or less	0.213	335 pcs.	\$ 71.3550
<b>Part D Postage:</b>						\$ 80.0910

## Part H : Enhanced Carrier Route Letters

Line Number	Entry Discount	Title	Description	Price	Quantity	Postage
H1	None	Saturation	Letters 3.3 oz (0.2063 lbs) or less	0.182	74 pcs.	\$ 13.4680
H3	None	Basic	Letters 3.3 oz (0.2063 lbs) or less	0.262	456 pcs.	\$ 119.4720
H7	DSCF	Saturation	Letters 3.3 oz (0.2063 lbs) or less	0.139	29337 pcs.	\$ 4,077.8430
H8	DSCF	High Density	Letters 3.3 oz (0.2053 lbs) or less	0.150	1776 pcs.	\$ 266.4000
H9	DSCF	Basic	Letters 3.3 oz (0.2063 lbs) or less	0.219	476 pcs.	\$ 104.2440
<b>Part H Postage:</b>						\$ 4,581.4270
<b>Total Postage From All Parts:</b>						\$ 5,763.7720
<b>Affixed Postage:</b>						\$ 0.00

## USPS Use Only

Verification	Request Source	Performance Status	Is postfile	Performance Type	Performance Percentage	Additional Postage	Cost Avoidance
eMIR Cursory review		Not Performed	N/A		N/A		
Weigh Entire Mailing	Verification following failure	Performed	N/A	Weigh Verification Error	100%	N/A	N/A
Manual Barcode	Verification not requested by system	Not Performed	N/A		N/A		
Manual Presort	Verification requested by random selection	Performed	N/A	Presort	100%	N/A	N/A
<b>Total:</b>						<b>\$0.00</b>	<b>\$0.00</b>

## This mailing has been inspected concerning:

- (1) eligibility for postage prices claimed;
- (2) proper preparation (and presort where required);
- (3) proper completion of postage statement; and
- (4) payment of annual fee (if required).



*A letter to Lodi residents  
and property owners from  
Wally Sandelin, Lodi Public  
Works director.*

Dear fellow ratepayer,

The City of Lodi regularly evaluates its wastewater service needs, the cost of providing those services, and then determines if rates are sufficient to continue providing the service.

Our goal is to provide quality service that protects public health and the environment. How we meet that goal is largely determined by State regulations, but we are committed to efficiently managing our system.

Lodi faces increasingly strict State regulations that determine how we treat and dispose of wastewater. The regulatory changes have forced us to spend millions of ratepayer dollars to upgrade our 43-year-old facility. This is not simply a Lodi problem, but one facing all out neighboring communities.

Unfortunately, as a result of these changes, we are collecting far less in rates than it takes to operate our wastewater plant. This annual shortfall of more than \$2 million requires us to adjust rates greater than the normal inflation index.

In this notice, you'll learn more about the proposed rate increase, which will be phased in over four years beginning July 16, 2009.

These are not rate increases we take lightly. We understand these are difficult economic times for many of our residents and businesses. We wish the State would give us other options, but please be assured we are committed to providing the best service at the lowest possible cost.

Sincerely,

**Wally Sandelin**  
Public Works Director

# NOTICE

## of Proposed Rate Increase & Public Hearing Date

### About Lodi's wastewater treatment plant

Lodi has been collecting and treating wastewater since 1923. In 1966, the City used federal grants to construct the White Slough Water Pollution Control Facility, six miles west of the city limits.

Lodi's wastewater system collects, conveys and treats 2.4 billion gallons of wastewater a year. It consists of more than 3,200 manholes and 194 miles of sewer pipes.

### Summary of proposed rate increases

July 16, 2009	July 1, 2010	July 1, 2011	July 1, 2012
+25%	+20%	+10%	+5%

Rates also will adjust for inflation based upon Engineering News Record index

### Costs to operate forced higher

Lodi has spent millions of dollars on its sewage treatment plant in recent years to meet increasingly strict State rules on how the City treats and disposes of wastewater.

In late 2007, Lodi issued more than \$30 million of bonds to fund the most recent man-

dated plant upgrades and pay for an emergency repair of a five-mile stretch of the City's main sewage transmission line. Those costs are not in the current rates.

Even after the rates go into effect, sewer service in Lodi will still be less expensive than in many neighboring communities.

### Proposed monthly rate schedule (numbers in dollars)

	Current	7/16/09	7/1/10	7/1/11	7/1/12
Residential					
1 bedroom	16.65	20.81	24.97	27.47	28.84
2 BR	22.19	27.74	33.29	36.62	38.45
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A public workshop on proposed wastewater rate increases will be at 6 p.m. Tuesday, June 16, at Kirst Hall at Hutchins Street Square, 125 S. Hutchins St.

## Alternatives to rate increase

Unfortunately, the City of Lodi has few options other than charge ratepayers for the cost of providing sewer service.

Without this proposed increase, the City's wastewater fund will run out of cash in early calendar year 2010.

If that happens, the City would have to do one of the following:

- A) Operate the utility with funds currently used to provide police and fire protection, park maintenance and other public services; or,
- B) Operate the wastewater plant in violation of the State permit, subjecting the City to millions of dollars of potential fines.

Lodi already has spent reserve funds to avoid increases up to now. More than \$7 million spent in 2008 for an emergency repair of the main pipeline connecting Lodi to the treatment plant was not included in rates.

The proposed rates are necessary for Lodi to remain a fiscally sound and viable community.

## Proposition 218 notification and hearing process

The Lodi City Council will consider the proposed sewer rate increases at a public hearing at 7 p.m. Wednesday, July 15, 2009, at the Carnegie Forum, 305 W. Pine St., Lodi.

Proposition 218 requires that the City provide a notice of the proposed rate schedule to all property owners forty-five (45) days prior to holding a public hearing. If a majority of the property owners file oppositions to the increase, the increase will not take effect. Property owners and renters who pay their sewer bill may file a written and signed protest against the proposed increases with the City Clerk at or before the close of the public hearing. A protest must contain a description of the property owned sufficient to identify the property (The address or assessor's parcel number is shown on this mailing).

If you own (or rent and pay a sewer bill) on more than one parcel, you may file a single protest but it must identify each parcel you own or rent. If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property or on the utility account, the signer of the protest must also submit written evidence of ownership.

The City of Lodi proposes to increase its monthly sewer rates and charges for residential, commercial and industrial users. It is currently proposed that the increases take effect beginning July 16, 2009. In addition, all sewer rates may be increased by an amount up to the percentage increase in the annual average of the Engineering News Record (20 cities average) Index on July 1 of each year from 2010 through 2014 as needed to pay for increased costs of providing sewer services.

At the public hearing, Council shall hear all protests and tabulate the ballots. One written protest per parcel, filed by the

owner or tenant (paying the utility bill) of the parcel shall be counted in calculating a majority protest to a proposed new fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution. If the votes conflict, the City will count the no vote.

Written protests may be mailed to:

City of Lodi  
Attn: City Clerk  
P.O. Box 3006  
Lodi, CA 95241-1910

Written protests may also be delivered in person to the City Clerk, 221 West Pine Street, Lodi, or at the public hearing.

The rate increases are being proposed in order to provide sufficient revenue to pay costs of the City's sewer system.

Specifically, the rates will provide funding for improvements to the wastewater treatment facility to meet State discharge requirements, system replacement and improvements, operations and maintenance, and administrative expenses related to the wastewater system, and to provide funding to meet inflationary costs of operating the utility for the next five years. The new fee was calculated by taking the increased operating costs and assigning each customer the same percentage of that increase as they are currently paying. The proposed flat rates for each classification of property are determined by the estimated cost of providing wastewater collection and treatment service to customers in that classification based upon the wastewater generation characteristics of such property.

If you have any questions about this notice, please call the Public Works Department at 333-6706 between 8 a.m. and 5 p.m., Monday through Friday.

RANDI JOHL, City Clerk  
City of Lodi

PRSR1 STD  
U.S. Postage  
PAID  
Stockton, CA  
Permit No. 269

Notice of Proposed  
Sewer Rate Increase

City of Lodi  
Public Works Dept.  
P.O. Box 3006  
Lodi, CA 95241







*Please immediately confirm receipt  
of this fax by calling 333-6702*

CITY OF LODI  
P.O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT: PUBLIC HEARING TO CONSIDER RESOLUTION ADJUSTING  
WASTEWATER RATES**

**PUBLISH DATE: SATURDAY, MAY 16, 2009  
SATURDAY, JUNE 20, 2009**

**LEGAL AD**


**TEAR SHEETS WANTED: One (1) please**

**SEND AFFIDAVIT AND BILL TO:**

RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED: MAY 11, 2009**

**ORDERED BY: RANDI JOHL  
CITY CLERK**

  
JENNIFER M. PERRIN, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

**Faxed to the Sentinel at 369-1084 at \_\_\_\_\_ (time) on \_\_\_\_\_ (date) \_\_\_\_\_ (pages)**  
LNS **Phoned to confirm receipt of all pages at \_\_\_\_\_ (time) \_\_\_\_\_ JLT MB \_\_\_\_\_ JMP (initials)**



## **DECLARATION OF POSTING**

### **PUBLIC HEARING TO CONSIDER RESOLUTION ADJUSTING WASTEWATER RATES**

On Friday, May 15 2009, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution adjusting wastewater rates (attached and marked as Exhibit A) was posted at the following locations:


Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 15, 2009, at Lodi, California.

ORDERED BY:

**RANDI JOHL**  
**CITY CLERK**

  
JENNIFER M. PERRIN, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK



# CITY OF LODI

Carnegie Forum  
305 West Pine Street, Lodi

## NOTICE OF PUBLIC HEARING

Date: July 15, 2009

Time: 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

**EXHIBIT A**

## NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that on **Wednesday, July 15, 2009**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Resolution adjusting wastewater rates (as identified on the attached Exhibit A).**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. **All** interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

At said hearing, any person interested, including any person owning property in the City, may be heard **as** to whether said charges are **discriminatory** or excessive, or will not be sufficient under Government Code Section 54515, or will not comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the respective enterprise, or will not comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 "The Revenue Bond Law" of the Government Code, or an any other matter related to the proposed charges or their method of adoption.

By Order of the Lodi City Council:

  
Randi Johl  
City Clerk

**Dated: April 15, 2009**

Approved as to form:

  
D. Stephen Schwabauer  
City Attorney

RESOLUTION NO. 2009-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL ADJUSTING  
WASTEWATER DISPOSAL SERVICE RATES

=====

WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides wastewater disposal service to its citizens;
2. The City charges customers of this utility a charge to fund the on-going operation and maintenance of the wastewater disposal service;
3. The City Public Works Director and staff have prepared a plan outlining the cost of operating the wastewater disposal service;
4. The Wastewater Enterprise Fund is operating at a deficit and the existing rate structure no longer covers the cost of operating the utility;
5. The City Public Works Director has recommended increases to the current wastewater disposal rates;
6. The City Public Works Director also recommends that the revenue earmarks be eliminated to make revenue correspond with need and that the Engineering News Record (ENR) Index replace the Consumer Price Index (CPI) when determining annual cost adjustments;
7. The Council directed that notice of a hearing thereon be given to the property owners and wastewater disposal utility customers in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
8. Pursuant to California Constitution, Article XIII C and Government Code 53755, such notice has been mailed to those property owners and account holders, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
9. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code section 54354.5;
10. Such notice has been published once each week for two weeks, in accordance with Government Code section 54354.5, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk;
11. On July 15, 2009, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed increased rates;
12. Written protests against the proposed increased rates were not presented by a majority of the property owners and wastewater disposal utility customers; and

13. The proposed wastewater disposal service rates are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the enterprise, comply with the provisions of Title 5, Division 2, Chapter 6 of the Government Code, and are in compliance with all other applicable law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charaes. Pursuant to Sections 13.08.010, 13.12.240, and 13.16.110 of the Lodi Municipal Code, the increased wastewater disposal service rates as attached hereto as Exhibit A are hereby approved.

Section 3. Subseauent Adjustments. As provided by Government Code Section 53756, the rates shown in Exhibit A may be adjusted annually for a period of five years by resolution beginning July of 2010 through July of 2015, with Council approval following a public hearing, in an amount not to exceed the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index or other index as approved by the City Council by resolution. The adjustment shall not be made if it causes rates to exceed the cost of service and Notice of the Adjustment shall be mailed to each account not less than 30 days before the effective date of the adjustment.

Section 4. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: July 15, 2009

=====

I hereby certify that Resolution No. 2009-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 15, 2009, by the following vote:

**AYES;** COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL  
City Clerk

City of Lodi Wastewater Utility  
Proposed Wastewater Rates

EXHIBIT A

	Current Rates			Rates Effective 07/16/2009	Rates Effective 07/16/2010	Rates Effective 07/16/2011	Rates Effective 07/16/2012
	Base	Infr.	Monthly Total	Monthly Total	Monthly Total	Monthly Total	Monthly Total
Residential							
1 BR	\$11.84	\$4.81	\$16.65	\$20.81	\$24.97	\$27.47	528.84
2 BR	15.78	6.41	22.19	27.74	33.29	36.62	38.45
3 BR	19.73	8.01	27.74	34.68	41.61	45.78	48.06
4 BR	23.67	9.62	33.29	41.61	49.94	54.93	57.68
5 BR	27.62	11.22	38.84	48.55	58.26	64.09	67.29
6 BR	31.56	12.82	44.38	55.48	66.58	73.24	76.90
7 BR	35.51	14.42	49.93	62.42	74.90	82.40	86.51
Moderate Strength (annual per SSU)	\$266.28			5332.88	399.48	439.44	461.40
High Strength User:							
Flow (per MG. annual basis)	2,247.10			2,808.88	3,370.66	3,707.73	3,893.12
BOD (per 1,000 lbs., annual basis)	370.83			463.54	556.25	611.88	642.47
SS (per 1,000 lb., annual basis)	231.86			289.83	347.80	382.58	401.71
Grease Inceptor & Septic Holding Tank Waste within City Limits (per 1,000 gal.)	196.35			245.44	294.53	323.98	340.18
Septic (only) Holding Tank Waste Outside City limits (per 1,000 gal.)	416.82			521.03	625.24	687.76	722.15
Disposal to Storm Drain System (per MG)	206.24			257.80	309.36	340.30	357.32
Disposal to Industrial System:				n/a rates adjusted	n/a rates adjusted	n/a rates adjusted	n/a rates adjusted
Flow (per MG. annual basis)	2,218.78			annually per	annually per	annually per	annually per
BOD (per 1,000 lbs., annual basis)	20.34			LMC § 13.12.210	LMC § 13.12.210	LMC § 13.12.210	LMC § 13.12.210
Winery Waste (per 1,000 gal.)	198.82			248.53	298.24	328.06	344.46